PD 100/82

THE REGIONAL MUNICIPALITY OF WATERLOO

COMMISSIONER OF PLANNING AND DEVELOPMENT

TO: Chairman Judy Balmer, and Members of the Regional Planning and Development Committee, Regional Municipality of Waterloo

DATE: Tuesday July 6, 1982

SUBJECT: SURVEY OF APARTMENTS AND TOWNHOUSE RENTAL UNITS - APRIL 1982

RECOMMENDATION:

For Information Only

REPORT

I Introduction

A survey of apartment and townhouse rental units is conducted semi-annually, in April and October, by the Regional Department of Planning and Development. These surveys form part of an ongoing monitoring process by the Regional Municipality of both the rental and ownership housing markets. The survey of apartments and townhouses is designed to present trends and statistics on rents and vacancies of smaller apartment buildings with three to ten units and vacancies of all rental townhouse units. Information is summarized for Kitchener, Waterloo, Cambridge, the Townships and the total Regional Municipality.

This report provides combined vacancy data for smaller apartment buildings with from three to ten units collected through the Region's survey and large apartment buildings with ten units or greater collected through C.M.H.C's vacancy survey. This combined vacancy data provides a more complete impression of the current rental vacancy situation.

Prior to this survey, statistics on rents and vacancies were only available from Canada Mortgage and Housing Corporation (C.M.H.C.) surveys, also conducted in April and October but only on larger apartment buildings and not on smaller apartment buildings or townhouse rental units. This report is for the vacancy survey conducted in April, 1982.

It should be taken into account, particularly in Waterloo, but also in Kitchener, that the large student population at both universities as well as Conestoga College has a great influence on vacancy rates in these areas. It is expected that vacancies in Waterloo and also Kitchener are higher during the months of May through August. The Regional vacancy survey is conducted in April and October in order to coincide with Canada Mortgage and Housing Corporation's vacancy survey. This allows a total vacancy picture to be developed for these months, as is done in this vacancy survey report.

The need for ongoing monitoring of rental vacancy statistics is apparent in light of a number of the provincial and federal rental construction incentive programs and residential rehabilitation programs. The Ontario Rental Construction Loan Program (ORCL) which expired at the end of 1981 provided for interest free loans for rental unit construction in areas with vacancy rates of 3.0% or less. Under the Ontario Rental Construction Loan Program, building permits for 685 units were issued in 1981 and a further commitment to deliver 700 rental units over the 1982-1983 period has been made.

The Inno Rent Program recently announced by the Province provides interest free loans to encourage innovative forms of rental construction in areas with vacancy rates of 2% or less. Also the newly created Provincial "REntHAB" Program provides financial assistance for rehabilitating rental housing in areas with vacancy rates of 2% or less. The Province is formulating the specifics of these two new programs.

The provision of rental vacancy statistics will help area builders and developers to substantiate, where applicable, their applications for assistance under these programs.

II Vacancy Rate - Summary

It has been noted in past surveys that a wide difference existed between vacancy rates for various types of rental units. C.M.H.C.'s survey of larger buildings with six or more units has consistently had a much lower vacancy rate than the Region's survey of smaller buildings with three to ten units. C.M.H.C.'s April 1982 survey indicates a 0.9% vacancy rate in larger buildings while the Region's April 1982 survey shows a 2.2% vacancy rate in smaller buildings. The Region's survey also shows a 0.4% vacancy rate for rental townhouses in the Region. These differences in vacancy rate indicate that somewhat separate markets exist for different types of rental accommodation. This variation in markets is attributable to the varying amenities, services and rent levels associated with different types of rental accommodation.

It is anticipated that the vacancy surveys in October 1982 will reflect an easing of the apartment vacancy rate as those units constructed under the Ontario Rental Construction Loan (ORCL) Program enter the rental market. Rental units constructed under this program are located primarily in larger apartment buildings which will be covered by the C.M.H.C. Vacancy Survey or in townhouse projects which are covered by the Region's survey. The C.M.H.C. Survey does not include units constructed in the six month period prior to the survey to allow for market absorption of the units. Those rental units completed in the period October 1981 to April 1982 will be included in the next C.M.H.C. Survey. These new units will have a more direct impact on the vacancy rate in larger apartment buildings and townhouse projects but should result in an easing of vacancy rates in smaller buildings as well.

The Regional vacancy rate for apartment buildings with from three to ten units was 2.2% in April 1982, as shown on Table 1, almost unchanged from 2.3% in October 1981 but down from 4.5% in April 1981. The trend in past surveys has been for April's vacancy rates to be higher than October's as university students leave their rented accommodations for the summer.

Kitchener is experiencing a continuing decline in vacancy rates in smaller buildings to 1.4% in April 1982 down from 2.1% in October 1981 and 4.1% in April 1981. Waterloo reported a 2.2% vacancy rate up from 0.0% in October 1981. Cambridge declined from 4.3% in October 1981 to 3.3% in April 1982. The Townships had a 4.6% vacancy rate in April 1982 up from 0.0% in October 1981. Township vacancy rates have fluctuated greatly from survey to survey due to the small number of rental units.

C.M.H.C.'s Vacancy Survey of apartment buildings with six units or more in April 1982 indicates a 0.9% vacancy rate for the Region, up slightly from 0.7% in October 1981. Kitchener reported a 1.0% vacancy rate for larger buildings in April 1982 up from 0.6% in October 1981. Waterloo reported 0.5% in April 1982 up from 0.2% in October 1981. Cambridge's vacancy rate remained steady at 1.4% and the Townships reported a 0.3% vacancy rate in April 1982. In all municipalities the vacancy rates reported for larger buildings through the C.M.H.C. Survey are lower than the vacancy rate for smaller buildings surveyed by the Region. This is a continuing trend with C.M.H.C. reporting a 0.9% vacancy rate in April 1982 for larger buildings while the Region's survey of smaller buildings showed a vacancy rate of 2.2%. The comparable figures for October 1981 were 0.7% for larger buildings and 2.3% for smaller buildings.

Apartment construction experienced a substantial increase in 1981 to 870 units compared with 312 units in 1980. Of the 870 apartment units in building permits in 1981, 685 units were developed under the Provincial ORCL Program. An additional 700 rental units committed, under this program are scheduled to be constructed in the 1982-83 period. As these units are absorbed by the rental market it is expected that an easing of apartment vacancy rates will result.

Table 2 shows a combined apartment vacancy rate for the Region in April 1982 of 1.4% including all apartment units surveyed by the Region and C.M.H.C. The combined figure of 1.4% is up slightly from the 1.1% combined vacancy rate in October 1981. Kitchener had an overall apartment vacancy rate of 1.1% in April 1982, Waterloo 0.9%, Cambridge 2.3% and the Townships 3.5%. For the April 1982 Survey, the total number of rental apartment units was 26,933 of which an estimated 377 units were vacant.

For Townhouses, Table 1 shows a 0.4% vacancy rate in April 1982 for the Region, an increase from 0.0% in October 1981 and 0.3% in April 1981. The vacancy rate in Kitchener had increased to 0.5% in April 1982 from 0.0% in October 1981. Waterloo reported a 1.1% vacancy rate in April 1982 while Cambridge and the Townships continued to report no townhouse vacancies. The 0.4% vacancy rate for the Region in April 1982 is still well below the 3.0% vacancy rate figure established in the Region's 1975 Housing Study as one which offers adequate choice and availability to renters and at the same time meets the needs of owners of rental projects. A continuing need for rental townhouse units throughout the Region is indicated by the low vacancy rates reported in this survey and over the past year.

Construction of townhouses increased in 1981 to 114 units from 28 units in 1980. This is still well below the 682 townhouses constructed in 1977. Rental townhouse construction is eligible for financial assistance under the ORCL Program and to date 52 units have been developed (30 units in 1981 and 22 units to April 1982).

Table 7 indicates that the Regional vacancy rate for family units was 0.8% in April 1982 basically unchanged from October 1981. Family units include all units which contain two or more bedrooms and non-family units include all bachelor and one bedroom units surveyed. These figures include both the Region's survey of smaller apartment buildings and townhouse projects and C.M.H.C.'s survey of large buildings. The continuing low vacancy rate for family units indicates difficulties for families looking for suitable accommodation.

III Analysis of Vacancy Rates and Rents

Apartment Vacancies - Table 3

The overall Regional vacancy rate for apartments with from three to ten units was 2.2% in April 1982. This represents little change from 2.3% in October 1981 but a substantial decline from 4.5% in April 1981.

Kitchener had a 1.4% vacancy rate, Waterloo 2.2%, Cambridge 3.3% and the Townships 4.6%. For one bedroom units the vacancy rates in all areas have risen above 4.0% except for Kitchener which experienced a decline to 1.1% in April 1982.

The only available bachelor units were located in Kitchener with a 3.8% vacancy rate and Cambridge with a 4.0% vacancy rate. Both Waterloo and the Townships reported no vacant bachelor units. The three cities all reported two bedroom vacancies in the 1.0 to 1.5% range. There were no reported three bedroom units vacant in the Region.

In smaller apartment buildings there is an inadequate supply of two and three bedroom rental units in the Region. The continuing decline in one bedroom vacancies in Kitchener should also be noted.

Table 4 shows that of the Region's 8,337 apartment units in buildings with from three to ten units, an estimated 183-199 units were vacant in April 1982. This is comprised of 57 to 60 vacant units in Kitchener, 22 to 26 vacant units in Waterloo, 84 to 89 vacant units in Cambridge and 20 to 24 vacant units in the Townships.

Townhouse Vacancies - Table 5

The Regional vacancy rate for rental townhouses was 0.4% in April 1982 up from 0.0% in October 1981. Kitchener reported a 0.5% vacancy rate, Waterloo 1.1% and both Cambridge and the Townships reported no townhouse vacancies.

For two bedroom units the vacancy rate in all municipalities was 0.0% except for Waterloo which reported a 1.9% vacancy rate. The only available three bedroom units were located in Kitchener with a 1.5% vacancy rate. There were no reported vacancies in four bedroom townhouses in the Region. The vacancy rates are still very low and indicate that it could be difficult for renters to find suitable available townhouse units in the Region.

The townhouse vacancy survey includes only townhouse projects developed for rental purposes. Condominium townhouse projects which may at times have individual townhouse units for rent are not included in the survey.

If the returned questionnaire could be considered to be representative of all rental townhouse units, Table 6 shows that, of 2,790 rental townhouse units in the Region between 14 and 20 were vacant in April 1982.

Vacancy Rates for Family and Non-Family Units - Table 7

Family units include all units which contain two or more bedrooms in apartment buildings and townhouse projects surveyed in both the Region and C.M.H.C. vacancy surveys and non-family units include all bachelor and one bedroom units surveyed. The combined Region and C.M.H.C. surveys give a vacancy rate for family units of 0.8% in April 1982 only a slight change from 0.7% in October 1981. Kitchener reported a 0.7% vacancy rate for family units, Waterloo 0.6%, Cambridge 0.9% and the Townships 1.1%. The vacancy rate for non-family units was higher for the Region with a 1.6% vacancy rate for April 1982 up from 0.7% in October 1981. Kitchener had a 1.6% vacancy rate for non-family units, Waterloo 0.6%, Cambridge 2.8% and the Townships 3.2%.

This survey indicates that family unit vacancies remain low indicating a continued shortage of these units available in the Region.

Rents - Table 8

Information on rents contained in this report pertain to the Region's survey of apartment buildings with three to ten units. In response to concerns of the Kitchener-Waterloo HUDAC Builders Association, townhouse rent information is not collected in this survey. It should be noted that the rent data collected represents only a sample of the apartment rental market and has been adjusted where necessary to account for the provision of services such as heat, hydro and water. In light of this, rent data should be viewed as indicating the general rent level trend.

Table 8 shows average rents by unit type and municipality as reported in the April 1982 survey of apartment buildings with three to ten units. For the Region in April 1982 the overall rent level was 8.7% higher than one year ago. Bachelor units in the Region had rent increases averaging 3.7% annually. One bedroom units increased 7.2% annually in the Region. Two bedroom units had a 10.0% annual increase for the Region and three bedroom units a 11.7% increase for the Region.

Kitchener rent increases averaged 9.9% over the past year with rents ranging from $158.00 for bachelor units to $305.00 for three bedroom units. Waterloo reported a 3.9% average annual rent increase with average rents ranging from $160.00 for bachelor units to $247.00 for three bedroom units. Cambridge experienced a 10.6% annual increase with average rents ranging from $166.00 for bachelor units to $257.00 for three bedroom units. The Townships rent increases averaged 1.1% higher than one year ago with rents ranging from $179.00 for bachelor units to $240.00 for three bedroom units. The Townships rent data may be distorted by the small number of rental apartment units reported.

The Residential Tenancy Commission (Rent Review) indicates that in the past year there was a significant increase locally in the number of rent review hearings held, the total number of units involved and the percentage of rent increases granted. While current statistics covering the April 1981 to 1982 period will not be released until August 1982, preliminary summaries for the Kitchener area indicate that the average rent increases granted through review hearings was 14% in the April 1981 to September 1981 period compared to 11.4% in the previous year. The increase in the number of hearings, units involved and rent increases granted is partially attributable to mortgage renewal at high interest rates and rising maintenance costs. These factors have contributed to the overall Regional increase in apartment rents of 8.7%.

DG:pr

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TABLE 1

OVERALL VACANCY RATES BY MUNICIPALITY*

PERCENTAGE OF EXISTING UNITS VACANT

MUNICIPALITY	APARTMENTS**					TOWNHOUSES				
	1980		1981		1982	1980		1981		1982
	APR	OCT	APR	OCT	APR	APR	OCT	APR	OCT	APR
KITCHENER	5.5	3.2	4.1	2.1	1.4	4.4	n.a	0.3	0.0	0.5
WATERLOO	1.7	1.4	4.0	0.0	2.2	0.0	n.a.	0.0	0.0	1.1
CAMBRIDGE	6.3	3.8	3.6	4.3	3.3	1.8	n.a.	0.6	0.0	0.0
TOWNSHIPS	2.9	4.8	10.3	0.0	4.6	---	n.a.	0.0	0.0	0.0
REGION	5.0	3.3	4.5	2.3	2.2	3.4	n.a.	0.3	0.0	0.4

* Source: Region of Waterloo's Rental Survey.

** Includes apartment buildings with from three to ten rental units.

TABLE 2

ESTIMATED REGIONAL VACANCY RATE FOR ALL RENTAL APARTMENT UNITS

APRIL, 1982

MUNICIPALITY	APARTMENT		
	TOTAL UNITS	VACANT UNITS *	% VACANT
KITCHENER	15,823	181	1.1
WATERLOO	4,857	44	0.9
CAMBRIDGE	5,603	129	2.3
TOWNSHIPS	650	23	3.5
TOTAL	26,933	377	1.4

SOURCE: Regional Municipality of Waterloo Vacancy Survey, April, 1982 for apartment buildings with three to ten units and Canada Mortgage and Housing Corporation Survey, April, 1982 for apartment buildings greater than nine units.

* The number of vacant units is estimated by applying the vacancy rates derived from the Region and C.M.H.C.'s vacancy surveys to the total number of apartment units.

TABLE 3

APARTMENT* VACANCY RATES** BY NUMBER OF BEDROOMS

APRIL, 1982

MUNICIPALITY	BACHELOR	ONE BEDROOM	TWO BEDROOM	THREE BEDROOM	ALL UNITS
KITCHENER	3.8	1.1	1.5	0.0	1.4
WATERLOO	0.0	4.4	1.0	0.0	2.2
CAMBRIDGE	4.0	6.1	1.4	0.0	3.3
TOWNSHIPS	0.0	5.7	4.6	0.0	4.6
REGION	3.3	3.0	1.6	0.0	2.2

* Apartment buildings or converted houses with three to ten rental units.

** Percentage of units responding which were vacant.

TABLE 4

ESTIMATE OF THE TOTAL NUMBER OF VACANT APARTMENT* (3 to 10 Units) UNITS, APRIL, 1982, BY MUNICIPALITY

MUNICIPALITY	VACANCY RATE RANGE	TOTAL NO. OF UNITS	ESTIMATED NO. OF VACANT UNITS
KITCHENER	1.37 - 1.44	4,163	57 - 60
WATERLOO	2.00 - 2.37	1,098	22 - 26
CAMBRIDGE	3.23 - 3.42	2,600	84 - 89
TOWNSHIPS	4.20 - 5.04	476	20 - 24
TOTAL		8,337	183 - 199

* This includes only apartment buildings or converted dwellings with from three to ten units.

It can be assumed that the ranges shown in the above tables are presented with a 95% confidence. That is if all vacancies for the types of rental units surveyed in this report were known, there would be a 95% probability that the total vacancies would be within the ranges presented. This is based on the assumption that the sampled units reporting vacancies in April, 1982 were representative of the total population of rental units in this study group.

TABLE 5

TOWNHOUSE VACANCY RATES* BY NUMBER OF BEDROOMS

APRIL, 1982

MUNICIPALITY	TWO BEDROOM	THREE BEDROOM	FOUR BEDROOM	ALL UNITS
KITCHENER	0.0	1.5	0.0	0.5
WATERLOO	1.9	0.0	0.0	1.1
CAMBRIDGE	0.0	0.0	0.0	0.0
TOWNSHIPS	0.0	0.0	0.0	0.0
REGION	0.2	0.8	0.0	0.4

* Percentage of units responding which were vacant.

TABLE 6

ESTIMATE OF THE TOTAL NUMBER OF VACANT TOWNHOUSE UNITS, APRIL 1982, BY MUNICIPALITY

MUNICIPALITY	VACANCY RATE RANGE	TOTAL NO. OF UNITS	ESTIMATED NO. OF VACANT UNITS
KITCHENER	0.45 - 0.52	1,344	6 - 7
WATERLOO	0.88 - 1.32	909	8 - 12
CAMBRIDGE	0 - 0.19	537	0 - 1
TOWNSHIPS	n.a.	n.a.	
TOTAL		2,790	14 - 20

It can be assumed that the ranges shown in the above tables are presented with a 95% confidence. That is if all vacancies for the types of rental units surveyed in this report were known, there would be a 95% probability that the total vacancies would be within the ranges presented. This is based on the assumption that the sampled units reporting vacancies in April, 1982 were representative of the total population of rental units in this study group.

TABLE 7

VACANCY RATE* BY FAMILY UNIT SIZE, APRIL 1982**

MUNICIPALITY	FAMILY UNITS	NON-FAMILY UNITS
KITCHENER	0.7	1.6
WATERLOO	0.6	0.6
CAMBRIDGE	0.9	2.8
TOWNSHIPS	1.1	3.2
REGION	0.8	1.6

* Percentage of units responding which were vacant.

** Combined Region Survey of Buildings with 3-10 units and CMHC Survey for Buildings with 10+ units.

TABLE 8

AVERAGE APARTMENT* RENTS**

APRIL, 1982

MUNICIPALITY	BACHELOR	ONE BEDROOM	TWO BEDROOM	THREE BEDROOM
KITCHENER	157.77	200.93	242.98	304.56
WATERLOO	160.22	187.91	250.74	246.63
CAMBRIDGE	165.60	193.93	231.34	256.50
TOWNSHIPS	179.00	197.94	225.82	240.20
REGION	161.10	197.38	239.88	280.66

* Apartment buildings or converted houses with three to ten rental units.

** Rents include expenses for heat, hydro and water.